

MAY 31 2000


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BECHTEL NEVADA (BN) ASSESSMENT OF PERFORMANCE MEASURES ACHIEVED  
AND AWARD FEE EVALUATION FOR THE PERIOD OCTOBER 1, 1999, THROUGH  
MARCH 31, 2000, - CONTRACT NO. DE-AC08-96NV11718

The DOE Nevada Operations Office (DOE/NV) has completed its assessment of BN's effectiveness in meeting DOE/NV's performance expectations as reflected in the Performance Evaluation Plan for the period October 1, 1999, through March 31, 2000. Based on this assessment, BN is authorized earned fee in the amount of \$7,847,908 for this period. This is a composite of \$4,556,308 in earnings from the performance fee pool and \$3,291,600 in earnings from the award fee pool.

A copy of the Award Fee Evaluation Report is enclosed for your information.



Jay Norman 

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CMD:WBG-00438

Enclosure:  
As stated

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**FY 2000 AWARD FEE REPORT  
OF BECHTEL NEVADA'S PERFORMANCE  
OCTOBER 1, 1999, THROUGH MARCH 31, 2000**

**I GENERAL MANAGEMENT**

DOE/NV continues to be encouraged by the progress being made by Bechtel Nevada (BN) as the Management & Operations (M&O) contractor for the Nevada Test Site (NTS). BN has made a strong management commitment to meeting DOE/NV's priorities as defined in the DOE and DOE/NV Strategic Plans and the DOE/NV Performance Evaluation Plan. BN has provided effective support in the Defense Programs' missions, specifically in the subcritical experiments and the Joint Actinide Shock Physics Research (JASPER) facility. In addition, BN's project management approach has contributed to the success in both the Defense Programs and Environmental Management missions. BN has established internal company priorities which correlate to DOE's priorities and has taken a project management approach in defining specific deliverables to satisfy those priorities. In addition, BN has integrated these priorities into its organizational structure and project planning process. The results of these efforts are reflected in the accomplishment of many of DOE's priorities in a manner that exceeds expectations.

BN management played a key role in assisting DOE/NV management and the complex in developing and refining its approach to institutionalizing Integrated Safety management (ISM). The ISM fairs conducted in North Las Vegas and at the Nevada Test Site appears to be a particularly effective means of emphasizing the continuing need for safety awareness. BN is encouraged to continue its focus on achieving the desired safety culture that will ensure full integration of ISM into DOE/NV operations.

BN demonstrated outstanding support to the DOE/NV complex by their proactive initiative to develop and implement a Real Estate/Operations Permit data base. The REOP has been designed as the DOE/NV complex primary work authorization and coordination mechanism. With very little guidance or direction, BN responded to the challenge of developing a data base, assessable through the BN home page, that would make available the new REOPs and authorization basis documentation to all Intranet users. The Intranet link is easy to access and use. Additionally, BN developed a central filing system and process to ensure appropriate configuration management of this information. This accomplishment was performed within existing funding and resources.

**II INTEGRATED SAFETY MANAGEMENT**

**Enhance the operational safety culture at the Nevada Test Site.**

DOE/NV has placed significant emphasis on ensuring that BN manage and operate the Nevada Test Site (NTS) infrastructure in a safe and efficient manner through the

functions and principles of ISM BN has demonstrated strong management commitment to institutionalize the ISM culture throughout the company and progress is evident. However, safety incidents resulting from procedural violations raise concern with BN's ability to transition the expert based culture to a standards based culture.

### **Significant Achievements**

BN exceeded expectations in their support of U1a operations. This was accomplished by establishing an ES&H Underground Reference Center in the U1a refuge chamber for the purpose of promoting safety and fostering continuous safety improvement, primarily for the employees who work underground. In addition, BN operated 697 days at U1a without a lost time accident (as of March 31, 2000). This is an outstanding achievement for an underground construction environment.

BN was proactive in the management of contaminated groundwater detected in the source vault located in Building A-1. After discovering the contaminated water, BN developed plans, procedures and other management systems to characterize the site and determine if tritium had migrated outside the facility boundaries. Monitoring and reporting activities relative to this effort are on-going.

BN demonstrated strong safety records for the Low-Level Waste Disposal facility which has accumulated 259,134 work hours over a period of 5 years without a lost time accident. The BN Waste Control Group has operated without an OSHA recordable or lost time accident since 1992.

BN's performance in several important safety measures was outstanding. BN was proactive in notifying DOE/NV of safety near misses, potential Price Anderson Amendment Act violations, and environmental insults from hazardous materials. BN received no environmental or Price Anderson Amendment Act Findings of Alleged Violation during the performance period. BN reviewed all work practices and identified potential hazards associated with specific work tasks for use by field personnel, resulting in a downward trend of Lost Work Day and Total Reportable Case Rates. BN established mediation efforts with representatives from Safety, Occupational Medicine, Risk Management, Emergency Management and line management to discuss roles and responsibilities regarding patient care case management.

### **Areas Requiring Improvements**

BN continued to experience electrical safety and other incidents resulting from procedural violations. The first incident involved a BN employee who incurred an injury while working on energized equipment. Two concerns are associated with this accident. The first is that the hazard assessment used by the workers on this job was for a diesel generator. The generator being repaired was electric. The second concern was the repeated failure to follow established procedures throughout this work activity, which significantly contributed to this accident. The second electrical incident also involved a BN electrician who ignored procedurally defined lock-out/tag-out requirements while performing a work task. This demonstrates a violation of established procedural requirements. In addition, other assessments conducted by DOE/NV indicate that a significant portion of findings generated during the reporting period can be linked to procedural violations or lack of procedures. This performance raises concerns regarding BN's implementation of ISM.

A number of safety related incidents occurred in the Environmental Management area, specifically in regard to subcontracted drilling operations. The most significant issue involved the dropping of the drilling rig blocks (which are used to hoist drill pipe in and out of the borehole and weigh several hundred pounds) on the rig floor. After that incident, a 24 hour stand-down was conducted to evaluate the situation, develop and implement corrective actions, and re-emphasize safety to all site personnel. This raises questions regarding BN's ability to ensure that workers understand and utilize safe work practices while employed at the NTS.

A review of Environmental Management (EM) standards identified inadequacies and, in some cases, identified activities which were not covered by any standard. In addition, the development of Work Smart Standards (WSS) for Radioactive Waste Management was delayed when the team assigned to this task could not reach a consensus on the hazards and standards. BN then developed products independently that failed to meet customer requirements.

BN developed a draft procedure dated 10/6/99, pertaining to "Occurrence Reporting and Processing of Operations Information," which did not meet the requirements of the DOE & DOE/NV Orders. A subsequent surveillance recommended that the procedure be modified to satisfy the requirements. On 12/29/99 BN responded to the surveillance by

submitting a revised draft procedure. In March 2000, DOE/NV conducted a review of the procedure and all findings have been satisfactorily resolved.

### **III SITE OPERATIONS AND INFRASTRUCTURE**

#### **A. Enhance Security Activities at the Nevada Test Site.**

To enhance BN's security program, DOE/NV designed an expectation requiring BN to "develop and implement an effective tracking system to ensure that sound safeguards and security practices are meeting performance requirements...." BN exceeded this expectation and fully satisfied the special emphasis area.

##### **Significant Achievements**

BN developed and implemented a highly effective tracking system that meets expectations. This internal self-assessment/tracking process determines the level of compliance with BN and DOE orders, policies and procedures. Self-assessments are based on a series of checklists that identify requirements for security program management and compliance with sound Safeguards and Security practices. All new and modified facilities are subject to this process.

#### **B. Enhance Asset Management.**

DOE/NV has placed significant emphasis on ensuring that BN effectively plan, acquire, maintain, and excess NTS assets in a manner that effectively meets mission requirements. DOE/NV developed three expectations designed to place emphasis on maintaining current NTS assets, while establishing and implementing an effective footprint reduction process at the NTS. BN has designed several processes to meet these expectations and their implementation is currently underway. BN exceeded the expectations for the special emphasis area.

##### **Significant Achievements**

Increased BN effort in the planning, preparation, and disposition of excess facilities has resulted in sixteen facilities currently in process for excessing. Three have been reserved by Nye County and will be removed from the NTS by May 31, 2000. Ten other facilities will be turned over to GSA on May 10, 2000, for a sealed bid auction. BN modified its radiation survey procedure and field process to enhance excessing of property. Training of the RTCs on this procedure is complete and the new process is being implemented. Finally, BN successfully closed out all

audit findings focusing on excessing, high-risk property, and sensitive property audits. As a result, DOE/NV formally approved BN's property system.

BN has developed a traceable deferred maintenance program and is working on reducing the backlog of deferred maintenance and report work orders. BN targeted 48 deferred maintenance work orders for completion in FY 2000. Through March 2000, 80 work orders had been completed. BN is to be commended for their efforts in this area.

#### **Areas Requiring Improvements**

BN has not implemented DOE/NV budgetary guidance pertaining to Geographic Information Systems (GIS) support. BN was requested in the August 1999 budget guidance for FY 2000 to include sitewide GIS support as part of the indirect pools. GIS data was used to help scope the extent of the UXO concern in Areas 6, 14, 16, 18, 25, 26, 29, and 30. Because the sitewide GIS was not funded in a timely manner, the data used in the Unexploded Ordnance study was not the most current data available. By not funding the GIS workscope, some of the associated software licenses for the system expired. The cost for this was minimal (approximately \$9 K) and by renewing the licences, administrative interruptions to the system could have been avoided.

#### **C. Support Work For Others activities associated with the Nevada Test Site.**

BN effectively and efficiently supported all Work for Others projects. While BN has met most expectations, concerns remain regarding BN's responsiveness to customer budget and cost estimates.

#### **Significant Achievements**

BN's performance relative to Nuclear Radiological Advisory Team (NRAT) activities exceeded DOE/NV's expectations. During this performance period NRAT deployed to Ramstein AFB, Germany, in support of Y2K; deployed on a scheduled LLNL drill; participated in the "Gold Rush" exercise; and actively engaged in generating cost estimates and defining logistical requirements for the upcoming four National Security Special Events. All operations were performed flawlessly and in a timely manner.

### **Areas Requiring Improvements**

BN's responsiveness and timeliness to Work for Others customer requests were less than expected. In several instances, BN has not provided cost estimates to customers in a timely manner, giving the customer little time to scale down scope in order to reduce costs, or to address issues. At times, BN has delayed responding to early customer service or product requests, resulting in the customer incurring unnecessary overtime charges. For example, during a customer's exercise, diesel fuel was not delivered as planned. This resulted in BN charging overtime to ensure the project fuel was available over the weekend at the field location. On another operation, potable water was required, but when operations personnel tried to access the 25,000 gallon truck the day after delivery, they found the truck empty and were forced to acquire water by different means.

**D. Establish the Nevada Test Site as an integral part of the national effort for control of, and response to, weapons of mass destruction.**

BN has continued to partner with a variety of organizations to increase the use of the NTS for weapons of mass destruction related experimentation. BN has effectively utilized the DOE/NV strategic planning vision to guide their partnering efforts in this arena. They have routinely kept DOE/NV project managers informed of their efforts and progress and have utilized DOE/NV work screening and authorization processes.

### **Significant Achievements**

BN has done an outstanding job in the execution of the U.S. Department of Justice (DOJ) Weapons of Mass Destruction (WMD) and the Federal Bureau of Investigation (FBI) Special Weapons and Tactics (SWAT) projects. Project management controls have been effectively put in place by BN project management personnel experienced in project management. The execution of the DOJ/WMD and FBI/SWAT courses has been well coordinated and has resulted in several successful courses. BN is working with WSI in a teamwork manner and BN project management documentation is timely and effective. The new BN project management team members for these projects should be highly commended for their hard work resulting in the improvement of the project management of these projects.

**E. Strengthen business management systems and processes.**

BN continues to exceed expectations in strengthening its business management systems and processes. BN provided sound financial stewardship of its resources through an effective Financial Management System and systems of internal and accounting controls. Financial reporting continues to be accurate, complete, and often in advance of the due date. BN's aggressive support for the Business Management Information Systems' initiative was particularly noteworthy. Also, noteworthy was BN's initiative in developing a policy/procedure for compensating employees for work performed offsite. However, BN needs to demonstrate more consistency in its processes for developing and submitting timely and budget quality cost estimates, enhancing project controls and managing indirect variances within the established performance bands and variance disposition procedures. While improvements have been noted in the implementation of the Business Management Oversight Program more consistency needs to be achieved in achieving excellence in this program across all designated business functions.

**Significant Achievements**

BN continues to maintain excellence in its overall financial management program. BN's financial stewardship and contributions leading to an unqualified opinion on the Department wide and OCRWM financial statement were outstanding. BN developed a data warehouse system which represents a "Best Practice" and will serve as a model for Department-wide application. This system incorporates an innovative approach to ensuring data integrity by instituting the practice of "certified data".

BN was proactive in developing enhancements in several areas within the human resources and labor relations program. BN developed a comprehensive policy for ensuring consistent compensation for employees performing work offsite. Also noteworthy were BN's efforts in revamping its FY 2000 compensation increase to concentrate on the retention and hiring of critical skill employees and its initiative in fostering a continued partnership with the Southern Nevada Alliance. BN's partnership with Local 501 of the Operating Engineers resulted in a landmark agreement on assignment of work to maintenance workers working at BN Las Vegas facilities. This agreement will result in more efficiency of operations and improve internal organizational working relationships. Union/management team building and partnering to enhance safety produced positive results.

BN's achievements in enhancing the information technology program were significant. All Y2K milestones were met and most were exceeded resulting in significant recognition of BN's effort at the Departmental level. Also, BN completed the construction of two cellular telephone sites with significant cost savings, provided excellent support to the IRAC Radio Replacement project at Summerlin and completed twelve of fourteen WEBLINK Wireless Paging sites with the remaining two sites on schedule. BN's initiative in employing a partnership and user license on the Spotted Range Site allowed DOE access to those facilities to install the new Advanced Messaging Paging System.

### **Areas Requiring Improvements**

Greater consistency is needed in several areas within the business management systems program. The processes and procedures used by BN for purchase of common use equipment and development of a "bottoms up" pricing methodology have not achieved or sustained the same level of excellence as other areas of financial management. While BN's overall performance with the Business Management Oversight Program was at an acceptable level, increased emphasis needs to be placed on the timely development and communication of meaningful performance measures in the budget functional area. The processes and procedures used by BN to secure approved frequency assignments for the radio trunking system were ineffective and may result in a significant impact on DOE/NV's ability to obtain the required frequencies.

DOE/NV's ability to plan EM work scope was impacted by BN's performance in maintaining effective project controls. Planning for year-end indirect commitments in EM task plans did not meet expectations and resulted in a request for additional funding of \$1.1M to complete the EM approved work scope. Also, within the EM mission BN provided incorrect rates and categories of workers for the update of the DOE/NV Environmental Restoration Baseline which resulted in a delay of six weeks in providing deliverables to the customer at a significant cost increase. Work products associated with the Waste Management Baseline lacked consistency, traceability and appropriate coordination with staff which impacted the completion of work. Funding provided for the PAI subcontract was not made available resulting in PAI issuing stop work orders for the Characterization Monitoring Sensory Technology (CMST) project.

### **Observations**

BN's ongoing review of its interim rates indicates the potential for rate adjustments. BN needs to make timely rate adjustments when warranted. Ongoing reviews and planned corrective actions should be continued to ensure that pool variances are within established thresholds to minimize programmatic impacts. Also, continued management attention is encouraged in the areas of sizing indirect cost pools to support non-maintenance and repair items; control of travel funds; financial management planning and communication and the timeliness and accuracy of cost and pricing estimates.

**F. Demonstrate progress toward meeting requirements of Executive Order 12958, "Classified National Security Information".**

Executive Order 12958 requires all agencies to review their historic classified documents for declassification. The initial completion date required by the Order was April 2000 which has since been extended by 18 months. However, on March 28, 2000, BN notified DOE/NV that the declassification review of all pre-1976 National Security Information documents pursuant to Executive Order 12958 was complete. This effort clearly exceeded the performance expectations.

### **Significant Achievements**

The BN declassification effort not only reached the Executive Order 12958 goal, but also completed the review of their pre-1976 documents prior to the initial suspense date thereby exceeding performance expectations. In the original DOE/NV Large-Scale Declassification Review Plan published in February 1996, BN identified approximately 3,500 documents that met the requirements of Executive Order 12958. This figure was later revised in December 1998 and stated in number of pages requiring review as 78,719 pages. The final page count subject to Executive Order 12958 was further revised in 1999 to 66,657 pages. On a monthly and quarterly basis, BN provided statistics to support their activities in the declassification review. On several occasions, the DOE/NV Classification Officer evaluated those statistics and performed on-site assessments of the declassification work at BN. These on-site assessments revealed that all identified documents containing National Security Information subject to the Order, and under the purview of BN, have been properly reviewed for declassification.

**G. Support the National Laboratory program on and off the Nevada Test Site.**

Partnerships with the Laboratories at the working level were evidenced by the continuing successes in BN support to the U1a complex and DAF, and the accomplishment of subcritical experiments. The national laboratories have been very pleased with the construction and diagnostic support provided by BN to the Stockpile Stewardship experimental program with some exceptions detailed below. BN has continued to maintain the requisite posture for the resumption of underground nuclear testing within 2-3 years.

**Significant Achievements**

BN has done an outstanding job in keeping the JASPER project on schedule through an environment of changing and difficult technical circumstances. The initial slotted barrel tests at LLNL resulted in a change in the system configuration. BN personnel participated in the development of a new configuration design, and BN diagnostic personnel successfully designed and performed a critical optical beam break test on the new configuration. This successful work-around kept the project on track to achieve its phase I programmatic objectives.

BN exceeded expectations in the fielding of Velocity Interferometer System for any Reflector (VISAR) diagnostics as part of a multi-lab team on a series of Isentropic Compression Experiments (ICE) at the Sandia National Laboratory Z Facility. Five shots produced 40 sets of data in one week, which is an outstanding achievement. The pulsed power experiments are developing new understanding of high-pressure, high-temperature properties and response of materials. BN employees received Recognition Awards from SNL for their participation on the ICE team.

FY 2000 budget cuts delayed the U1h Shaft Project, however, BN has developed a path-forward proposal designed to minimize some aspects of the impacts caused by the budgetary delays. For example, they proposed modifications to the ventilation problems that could result in improved ventilation by 2001. Also, BN proposed methods by which underground personnel limits could be increased.

**Areas Requiring Improvements**

BN's ability to adequately maintain and develop the Windows NT network, its associated applications and databases, the DAF LAN/WAN infrastructure, and provide user support at the DAF did not meet expectations. Increased turnover of trained, qualified personnel is making

it increasingly difficult to ensure technical support for DAF operations, maintenance, document control and configuration management.

BN has not recruited a qualified x-ray diagnostician to help design, develop, and operate the x-ray diagnostic for the Z Backlighter. This was requested by SNL and funds identified. As a result, SNL had to bring on a SNL x-ray diagnostician after waiting nine months for BN to provide this support. This capability is needed in the fall of 2000 time frame to understand the x-rays generated with lasers used as a critical diagnostic that supports secondary physics experiments.

**H. Enhance the working relationship among DOE/NV, national laboratories and other Nevada Test Site users.**

The national laboratories and other NTS users report very effective working relationships at the working level which have contributed to much success in experimental programs. Interactions on ISM implementation and FY 2002 program and budget planning have contributed to enhanced partnering, communication, and cooperation between BN senior management and Lab program representatives. While improvements are evident, BN is encourage to continue to focus on communication and partnering initiatives.

**I. Reduce the cost of doing business at the Nevada Test Site.**

BN has not presented DOE/NV with at least three credible opportunities to significantly reduce costs with attendant programmatic impacts. In addition, functional support cost ratios year-to-date have not been sustained at or below the FY 1998 level.

**Areas Requiring Improvements**

Sufficient efforts were not demonstrated by BN in addressing management layering and reexamining the Business Development Program. While a special committee has been formed to identify opportunities to reduce the cost of doing business at the NTS, increased management attention needs to be placed on completing this review such that cost savings/avoidances are demonstrated in FY 2000 with specific emphasis on areas of DOE concern. Interrelated with this review is the need for BN to aggressively pursue strategies to ensure that functional cost ratios are sustained at or below the FY 1998 level.